

MINUTES
AIR QUALITY ADVISORY COUNCIL
December 6, 2022
Department of Environmental Quality
Oklahoma City, Oklahoma

Official AQAC Approved
at January 11, 2023 regular meeting

Notice of Public Meeting – The Air Quality Advisory Council (AQAC) convened for its Special Meeting at 9:00 a.m. on December 6, 2022. Notice of the meeting was forwarded to the Office of Secretary of State on August 12, 2022. The agenda was posted at the DEQ twenty-four hours prior to the meeting. Also, Ms. Beverly Botchlet-Smith acted as Protocol Officer and convened the hearings by the AQAC in compliance with the Oklahoma Administrative Procedures Act and Title 40 CFR Part 51 and Title 27A, Oklahoma Statutes, Sections 2-2-201 and 2-5-101 through 2-5-117. She entered the agenda and the Oklahoma Register Notice into the record and announced that if you wish to make a statement when it's time for public comments, complete the form at the registration table and you will be called upon at the appropriate time. Ms. Laura Lodes, Chair, called the meeting to order. Ms. Quiana Fields called roll and confirmed that a quorum was present.

MEMBERS PRESENT

Matt Caves
Gary Collins
Robert Delano
Gregory Elliott
Garry Keele
John Privrat
Laura Lodes

MEMBERS ABSENT

Steve Landers
Jeffrey Taylor

DEQ STAFF PRESENT

Kendal Stegmann
Beverly Botchlet-Smith
Carrie Schroeder
Brooks Kirlin
Melanie Foster
Phillip Fielder
Travis Couch
Jared Milano
Cheryl Bradley
Kathy Aebischer
Ryan Biggerstaff
Michael Ketcham
Camas Frey
Austin Sides
Joseph Daniel
Michelle Wynn
Malcolm Zachariah
Christina Hagens
Quiana Fields

Approval of Minutes – Ms. Lodes called for a motion to approve the Minutes of the October 5, 2022 Regular Meeting. Mr. Elliott moved to approve and Mr. Keele made the second.

See transcript pages 2 - 3

Matt Caves	Yes	John Privrat	Yes
Gary Collins	Yes	Laura Lodes	Yes
Robert Delano	Yes		
Gregory Elliott	Yes		
Garry Keele	Yes		

Public Rulemaking Hearing

Chapter 100. Air Pollution Control

Subchapter 5. Registration, Emission Inventory and Annual Operating Fees

252:100-5-2.2 Annual operating fees [AMENDED]

Ms. Christina Hagens, Environmental Programs Specialist of the AQD, stated the Department is proposing to amend OAC 252:100, Subchapter 5, Registration, Emission Inventory and Annual Operating Fees, to update the annual operating fee schedule language to include the use of the Consumer Price Index (CPI) in the adjustment of annual operating fees for minor facilities. Part 70 (major) sources are subject to adjusted annual operating fees based on the CPI. The Staff asks the Council not to vote on the proposed rule until the next regular AQAC meeting, scheduled for January 11, 2023.

See transcript pages 5 - 17

Chapter 100. Air Pollution Control

Subchapter 49. Oklahoma Emission Reduction Technology Rebate Program [NEW]

252:100-49-1. Purpose and Applicability [NEW]

252:100-49-3. Definitions [NEW]

252:100-49-5. Program criteria and qualification determination [NEW]

252:100-49-7. Sunset provision [NEW]

Mr. Brooks Kirlin, Professional Engineer of the AQD, stated that the Department is proposing to add Subchapter 49, Oklahoma Emission Reduction Technology Rebate Program to OAC 252:100, to implement applicable provisions of the Oklahoma Emission Reduction Technology Incentive Act, 68 O.S. § 55006, et seq. The act created the "Oklahoma Emission Reduction Technology Rebate Program," administered by the DEQ and the Oklahoma Tax Commission, to provide an incentive for "Emission Reduction Projects" – implementation of new and innovative technologies to reduce air pollutant emissions from oil and gas facilities. The Staff asks the Council not to vote on the proposed rule until the next regular AQAC meeting, scheduled for January 11, 2023.

See transcript pages 17 - 47

Ms. Botchlet-Smith announced the conclusion of the hearing portion of the meeting.

See transcript page 47

Division Director's Report – Ms. Kendal Stegmann, Division Director of the AQD, provided an update on other Division activities.

New Business – None

Adjournment – Ms. Lodes called for a motion to adjourn the meeting. Mr. Collins moved to adjourn and Mr. Caves made the second. The next scheduled Regular Meeting is on Wednesday, January 11, 2023. Meeting adjourned at 10:00 a.m.

Matt Caves	Yes	John Privrat	Yes
Gary Collins	Yes	Laura Lodes	Yes
Robert Delano	Yes		
Gregory Elliott	Yes		
Garry Keele	Yes		

Transcript and attendance sheet becomes an official part of these Minutes.

<p>1 REGULAR MEETING/HEARING</p> <p>2 AIR QUALITY ADVISORY COUNCIL</p> <p>3 DECEMBER 6, 2022, 9:00 AM</p> <p>4</p> <p>5</p> <p>6 MEMBERS PRESENT</p> <p>7 Laura Lodes</p> <p>8 Garry Keele II</p> <p>9 Matt Caves</p> <p>10 Gary Collins</p> <p>11 Robert Delano</p> <p>12 Gregory Elliott</p> <p>13 John Privrat</p> <p>14</p> <p>15 MEMBERS ABSENT</p> <p>16 Stephen Landers</p> <p>17 Jeffery Taylor</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25 REPORTED BY: Jenny Longley, CSR</p>	<p>Page 1</p> <p>1 questions on the minutes for the last meeting?</p> <p>2 Hearing none, do I have a motion to</p> <p>3 approve the minutes of the October 5, 2022 regular</p> <p>4 meeting?</p> <p>5 MR. ELLIOTT: Make a motion to approve.</p> <p>6 VICE-CHAIRMAN KEELE: Second.</p> <p>7 CHAIRWOMAN LODES: I have motion and a</p> <p>8 second.</p> <p>9 Quiana, please call roll.</p> <p>10 MS. FIELDS: Mr. Caves?</p> <p>11 MR. CAVES: Yes.</p> <p>12 MS. FIELDS: Mr. Collins?</p> <p>13 MR. COLLINS: Yes.</p> <p>14 MS. FIELDS: Dr. Delano?</p> <p>15 DR. DELANO: Yes.</p> <p>16 MS. FIELDS: Mr. Elliott?</p> <p>17 MR. ELLIOTT: Yes.</p> <p>18 MS. FIELDS: Mr. Keele?</p> <p>19 VICE-CHAIRMAN KEELE: Here. Yes.</p> <p>20 MS. FIELDS: Mr. Privrat?</p> <p>21 MR. PRIVRAT: Yes.</p> <p>22 MS. FIELDS: Ms. Lodes?</p> <p>23 CHAIRWOMAN LODES: Yes.</p> <p>24 MS. FIELDS: Motion passed.</p> <p>25 CHAIRWOMAN LODES: Thank you. The next</p>
<p>Page 2</p> <p>1 PROCEEDINGS</p> <p>2 CHAIRWOMAN LODES: We'll call today's</p> <p>3 meeting of the Air Quality Advisory Council to</p> <p>4 order. Quiana, please call roll.</p> <p>5 MS. FIELDS: Mr. Caves?</p> <p>6 MR. CAVES: Here.</p> <p>7 MS. FIELDS: Mr. Collins?</p> <p>8 MR. COLLINS: Here.</p> <p>9 MS. FIELDS: Dr. Delano?</p> <p>10 DR. DELANO: Here.</p> <p>11 MS. FIELDS: Mr. Elliott?</p> <p>12 MR. ELLIOTT: Here.</p> <p>13 MS. FIELDS: Mr. Keele?</p> <p>14 VICE-CHAIRMAN KEELE: Here.</p> <p>15 MS. FIELDS: Mr. Landers is absent.</p> <p>16 Mr. Privrat?</p> <p>17 MR. PRIVRAT: Here.</p> <p>18 MS. FIELDS: Mr. Taylor is absent.</p> <p>19 Ms. Lodes?</p> <p>20 CHAIRWOMAN LODES: Here.</p> <p>21 MS. FIELDS: We have a quorum.</p> <p>22 CHAIRWOMAN LODES: Thank you.</p> <p>23 The next item on today's Agenda is</p> <p>24 "Approval of Minutes from the October 5, 2022</p> <p>25 Regular Meeting". Do we have any comments or</p>	<p>Page 3</p> <p>1 item of today, we will enter our Public Rulemaking</p> <p>2 Hearing.</p> <p>3 MS. BOTCHLET-SMITH: Good Morning. I am</p> <p>4 Beverly Botchlet-Smith, I am the Assistant Director</p> <p>5 of the Air Quality Division, and as such I will</p> <p>6 serve as protocol officer for today's hearings.</p> <p>7 The hearings will be convened by the</p> <p>8 Air Quality Council in compliance with the Oklahoma</p> <p>9 Administrative Procedures Act and Title 40 of the</p> <p>10 Code of Federal Regulations, Part 51, as well as the</p> <p>11 authority of Title 27A of the Oklahoma Statutes,</p> <p>12 Section 2-2-201 and Sections 2-5-101 through</p> <p>13 2-5-117.</p> <p>14 Notice of the December 6, 2022</p> <p>15 hearings were advertised in the OKLAHOMA REGISTER</p> <p>16 for the purpose of receiving comments pertaining to</p> <p>17 the proposed OAC Title 252 Chapter 100 rules as</p> <p>18 listed on the Agenda and will be entered into each</p> <p>19 record along with the Oklahoma Register filing.</p> <p>20 Notice of the Meeting was filed with the Secretary</p> <p>21 of State on August 12, 2022. The Agenda was duly</p> <p>22 posted 24 hours prior to the meeting at the DEQ.</p> <p>23 If you wish to make a statement, it</p> <p>24 is very important that you complete the form at the</p> <p>25 registration table, and you will be called upon at</p>
	<p>Page 4</p>

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<p>Page 5</p> <p>1 the appropriate time. Audience members please come 2 to the podium for your comments and please state 3 your name.</p> <p>4 At this time, we will proceed with 5 what's marked as Agenda Item Number 4A on the 6 Hearing Agenda. This is "Chapter 100. Air Pollution 7 Control", "Subchapter 5. Registration Emission 8 Inventory and Annual Operating Fees", "252:100-5-2.2 9 Annual operating fees".</p> <p>10 And Christina Hagens, Environmental 11 Programs Specialist of our staff, will give the 12 presentation.</p> <p>13 MS. HAGENS: Good morning, Madam Chair, 14 Members of the Council, and everyone in attendance 15 today. My name is Christina Hagens, I am an 16 Environmental Programs Specialist in the Air Quality 17 Division. This morning the Department is proposing 18 to update language in Subchapter 5, Registration, 19 Emission Inventory and Annual Operating Fees to 20 include the use of the Consumer Price Index (CPI) in 21 the adjustment of annual operating fees for minor 22 facilities.</p> <p>23 The purpose of the proposed changes 24 is to offset budgetary shortfalls in order to cover 25 ongoing staff deficits and aid in the retention of</p>	<p>Page 7</p> <p>1 For determining what dollar amount 2 this would equate to for the minor source facility 3 fee, AQD took the current minor facility fee of 4 \$25.12 and added the year-over-year CPI adjustments 5 between 2007 and 2024. Because the CPI for 2023 is 6 not yet known, AQD used an Excel forecasting tool to 7 predict next year's probable CPI based on past 8 trends. This resulted in a projected fee value of 9 \$36.50. Meaning, the current \$25.12 fee adjusted 10 from the 2007 CPI is projected to be \$36.50 for the 11 July 1, 2024 invoices.</p> <p>12 However, after receiving some 13 feedback, it was evident that this language was not 14 sufficiently clear in how to apply the CPI or what 15 the fee will ultimately be in 2024. Fortunately, if 16 the council revisits this discussion in January, we 17 have prepared new proposed rule language that 18 expands and defines some of these changes. The new 19 Subchapter 5 proposed rule was published on our 20 website with the Notice on December 1st and a copy 21 of the revised proposal is included in your folder.</p> <p>22 I don't want to add confusion, but I 23 would like to discuss this newest language and how 24 it compares to the previously proposed rule put 25 forth for this meeting.</p>
<p>Page 6</p> <p>1 full-time positions. We have identified underfunded 2 portions of our programs and estimated current and 3 future costs associated with those functions. As 4 you heard in the October council meeting, emissions 5 are thankfully going down across Oklahoma, but based 6 on present staff capacity, our generated revenue is 7 unable to keep up with this workload. Without an 8 appropriate budget, the lack of funding would likely 9 cause a reduction in services which would contribute 10 to delays in the programs that rely on this funding 11 such as the permitting and emissions inventory 12 sections.</p> <p>13 Back in October we presented the need 14 to start looking at minor source fees and the 15 possibility of the addition of an annual CPI 16 adjustment. As the rule stands, minor facilities 17 are subject to a base annual operating fee of \$25.12 18 per ton of regulated air pollutant with no regard 19 for the CPI. We decided that the logical approach 20 would be to mirror the existing Part 70 source 21 language which includes an annual CPI adjustment in 22 the fee calculation. As proposed, minor facilities 23 would be subject to the same (b)(3) protocol which 24 uses the difference between the CPI for the current 25 calendar year and the 2007 base year CPI.</p>	<p>Page 8</p> <p>1 The proposed changes that will be 2 presented in January, and that are shown on this 3 slide, include: a new base fee of \$36.50 per ton of 4 regulated air pollutant; an end date for the 5 existing fee which is \$25.12 until June 30, 2024; 6 and new language on the annual CPI adjustment for 7 minor facilities. The January proposal will show 8 that minor facilities will be annually adjusted by 9 the percentage of CPI difference between 2024 and 10 the most recent calendar year starting July 1, 2025. 11 This last point is notable because minor facilities 12 would not be subject to the 2007 CPI for adjustment 13 purposes, rather, the new base fee is already 14 calculated based on our 2023 projected CPI and 15 clearly stated to be \$36.50. Essentially these two 16 versions of the rule result in approximately the 17 same fee increase, but the January proposal provides 18 more clarity to minor facilities.</p> <p>19 This new base fee for minor 20 facilities was utilized in the forecasting of 21 potential future generated revenue and we believe 22 would be sufficient to maintaining an adequate air 23 pollution control program. We estimate that the 24 proposed rule would generate approximately \$1.5 25 million in additional revenue for 2024, which is</p>

<p style="text-align: right;">Page 9</p> <p>1 when the rule would begin affecting invoices. Now, 2 this is the greatest single-year revenue gain that 3 would result from this rule change. 4 When researching how individual 5 facility budgets might be affected by increased 6 fees, we looked at the average facility invoice 7 change by sector using the most recently available 8 data. As would be expected, each sector is affected 9 differently, but the median change per facility was 10 calculated at \$87 and the median change per company 11 was \$352. Some individual facilities and companies 12 will, of course, see higher or lower fees than the 13 median, but we do not expect emissions to be vastly 14 different in the future. Based on these 15 calculations, the typical facility would not likely 16 see their invoice drastically increased. Moreover, 17 since the proposed rule wouldn't start impacting 18 invoices until July 1, 2024, this should provide 19 minor source facilities reasonable lead time to 20 budget for the fee increases. 21 Due to the significance of this rule 22 change, we would like to get more feedback on the 23 proposal and continue working on the language 24 especially as we evaluate internal and external 25 ramifications. And so, staff requests the Council</p>	<p style="text-align: right;">Page 11</p> <p>1 Bud, would you like to go first? 2 MR. GROUND: Morning. This is Bud Ground 3 with Environmental Federation of Oklahoma, and I 4 would just like to say that EFO supports the DEQ in 5 raising funds for an adequate staff. We know that 6 when you have an adequate staff it helps our 7 operations, and we will support the CPI increase. 8 Right now, I do not know -- I can't say on the 9 \$36.50 initial starting point, but we do support the 10 funding and different ways of increasing funding for 11 adequate staff. 12 But I will say that, you know, a fee 13 increase is going to be hard to get through the 14 legislature; so I think you should keep that in mind 15 because it won't take very many companies to 16 approach legislators and you could have problems. 17 So I just thought I would make sure you keep that in 18 mind when you're working on this. 19 Thank you. 20 MS. BOTCHLET-SMITH: Jeremy Jewell, did 21 you wish to comment? 22 MR. JEWELL: No, no comments. 23 MS. BOTCHLET-SMITH: Okay. Thank you. 24 Those were the only two from the 25 public that had indicated they might comment, so</p>
<p style="text-align: right;">Page 10</p> <p>1 not vote on these proposed rule changes until they 2 are brought back before you at the January council 3 meeting. 4 Thank you. 5 MS. BOTCHLET-SMITH: So I would like to 6 open this up for questions and discussion by the 7 council. 8 MR. ELLIOTT: So in 2024, when this kicks 9 in, so that's -- are they two years in arrear of 10 fees the same as the Part 70 sources, right? So -- 11 MS. STEGMANN: Yes. 12 MR. ELLIOTT: -- it'll be for -- 13 MS. STEGMANN: 2022 emissions. 14 MR. ELLIOTT: 2022 emissions? Okay. 15 MS. STEGMANN: Yes. 16 CHAIRWOMAN LODS: So, yeah, it'll be the 17 -- it'll be what we're going to report this coming 18 March, right? 19 MS. STEGMANN: Correct. 20 CHAIRWOMAN LODS: Yeah. So they'll have 21 more than enough -- I mean, you should have time to 22 put it into a budget before we make the change. 23 MS. BOTCHLET-SMITH: Other questions? 24 Okay. I've got a couple from the 25 public who indicated they'd like to speak.</p>	<p style="text-align: right;">Page 12</p> <p>1 this is an opportunity for the council for further 2 discussion. 3 CHAIRWOMAN LODS: Any other discussion? 4 MR. ELLIOTT: Well, I believe the need for 5 adequate staffing and retaining employees benefits 6 the entire State of Oklahoma, I mean, it -- you 7 know, being in the industry, we rob the DEQ 8 constantly of people, and so I am definitely -- I 9 think that is a good move for Oklahoma to try to 10 keep staff and to have an adequate number of staff. 11 MS. STEGMANN: Yes. For the last five 12 years, I think we have lost at least 11 FTEs due to 13 budget shortfalls, and just because emissions are 14 going down doesn't mean our workload is going down, 15 we still have probably more than we have in the 16 past. And a lot of our work is on non-Title V 17 sources and that's where the shortfall is; so it 18 makes sense to ask for this increase, and also, we 19 are getting new programs all the time. 20 I know several years ago we got the 21 audit program, and we have several thousand 22 facilities in that audit program alone, we're, I 23 mean, very comparable to the State of Texas. Or now 24 with the tax rebate, which we'll be -- you know, you 25 will be hearing about that next. The methane rule</p>

<p>1 was proposed today, was published today, and that 2 has a likelihood of adding 200,000 new facilities to 3 our permitting universe. 4 So this fee increase -- which, I 5 mean, I will go defend at the legislature as much as 6 I can -- is needed for us to just have not just a 7 robust program, but just a basic program. I don't 8 think we're asking for too much, I think it's 9 crucial that -- for us just to do our jobs; so I 10 really hope that this fee can get through. 11 VICE-CHAIRMAN KEELE: Are we increasing -- 12 seems like major sources have been becoming less. 13 Are we having -- I assume they're falling into minor 14 source category more and more? 15 MS. STEGMANN: Yes. Yes. 16 VICE-CHAIRMAN KEELE: I would also assume 17 that by far, though, the industry with the most 18 would be oil and gas that fit into this? 19 MS. STEGMANN: That is correct. Because I 20 think when we had an -- did we have, like, over 350, 21 initially, Title V facilities, close to it? And now 22 we're down to, like, 270, so -- and people are 23 falling out of Title V all the time. 24 VICE-CHAIRMAN KEELE: Well, the new 25 regulations incentivize people --</p>	<p>Page 13</p> <p>1 MS. STEGMANN: Yes, correct. 2 MR. PRIVRAT: I'm not against the 3 increase, but I was wondering has there been any 4 consideration that's close to a 50 percent increase? 5 If that's presented, is there going to be -- I think 6 Bud made a good point. Has there been any 7 consideration maybe of doing a step increase over 8 two or three years? 9 MS. STEGMANN: I mean, that is an option. 10 I mean, we will look at, you know, all suggestions 11 at this point, so -- and that's why we're carrying 12 it over to January so we will -- we did -- was it 13 December 1st that the new rule was put on our 14 website, and that's why we're asking for a lot of 15 comments on how this is going to affect businesses, 16 if there's other options that we need to do that we 17 can tweak our rule to make it more -- I don't -- 18 user-friendly on the smaller facilities, so -- but, 19 I mean, our emissions inventory, you saw in the 20 presentation, it shouldn't have that big of an 21 impact. 22 MR. PRIVRAT: Sure. 23 MS. STEGMANN: I think on oil and gas 24 because they have so many facilities, one company 25 could have hundreds of facilities, and I do</p> <p>Page 15</p>
<p>1 MS. STEGMANN: Yeah. 2 VICE-CHAIRMAN KEELE: -- or require people 3 not to -- 4 MS. STEGMANN: Right. And just -- 5 CHAIRWOMAN LODES: Yeah, by the time you 6 -- 7 MS. STEGMANN: -- controls. 8 CHAIRWOMAN LODES: Yeah, to comply with 9 the new regs, you have to have the controls on; the 10 result of the controls is they no longer are in 11 Title V. 12 MS. STEGMANN: Correct. So for this -- so 13 to increase non-Title V fees makes sense to us 14 because that's where a lot of our work is. 15 MR. CAVES: The minor source has been 16 static for over 15 years? 17 MS. STEGMANN: Correct. 18 CHAIRWOMAN LODES: 2007 was the last time 19 we increased the fees on it. 20 MS. STEGMANN: Yeah, at that time it makes 21 sense because a lot of our work was Title V, and now 22 it's flipped, so -- and now we're trying to rectify 23 that. 24 VICE-CHAIRMAN KEELE: Flipped in trending 25 that direction.</p> <p>Page 14</p>	<p>1 understand that, and that's why we're proposing it 2 now and then going to actually use that fee in 2024 3 so they have a year of planning to be able to 4 accommodate that. 5 MR. ELLIOTT: Have you been getting any 6 comments from the minor source facilities? 7 MS. STEGMANN: No, none. 8 VICE-CHAIRMAN KEELE: I think the problem 9 is it's not really going to impact the vast 10 majority, right, I mean, it's going to be, like, a 11 -- 12 MR. PRIVRAT: It's a small. 13 MS. STEGMANN: It's a small, yes. 14 VICE-CHAIRMAN KEELE: For most of them, 15 but the groups that are going to get hit with that, 16 it's going to be a pretty big deal. 17 MR. ELLIOTT: They should maybe comment 18 more. 19 MS. STEGMANN: And, hopefully, maybe The 20 Petroleum Alliance can look at it and give us some 21 useful information on how it's going to impact those 22 companies. 23 CHAIRWOMAN LODES: Any other comments or 24 questions? 25 Okay. The staff has asked that we, I</p> <p>Page 16</p>

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<p>1 guess, carry this forward. So, I never remember --</p> <p>2 MS. FOSTER: No vote.</p> <p>3 CHAIRWOMAN LODES: We don't vote on it or</p> <p>4 do anything to carry it forward? Okay.</p> <p>5 MS. BOTCHLET-SMITH: Okay. So we can move</p> <p>6 on to the next item on the Agenda. This is Item 4B,</p> <p>7 "Chapter 100. Air Pollution Control", "Subchapter</p> <p>8 49. Oklahoma Emission Reduction Technology Rebate</p> <p>9 Program" -- this is new -- Section -- or, it's</p> <p>10 "252:100-49-1 Purpose and Applicability",</p> <p>11 "252:100-49-3 Definitions [New]", "252:100-49-5</p> <p>12 Program criteria and qualification determination",</p> <p>13 and "252:100-49-7 Sunset provision".</p> <p>14 And Brooks Kirlin, who is a</p> <p>15 Professional Engineer with the Division, will give</p> <p>16 the presentation for staff.</p> <p>17 MR. KIRLIN: Thank you, Bev.</p> <p>18 Madam Chair, Members of the Council,</p> <p>19 Ladies and Gentlemen, as she stated, I'm Brooks</p> <p>20 Kirlin, an engineer with the Rules and Planning</p> <p>21 Section. The Department is proposing to amend</p> <p>22 Chapter 100 by adding a new Subchapter 49. As you</p> <p>23 may recall, we gave a brief overview of the new</p> <p>24 "Oklahoma Emissions Reduction Technology Rebate</p> <p>25 Program" during the October Air Quality Advisory</p>	<p>Page 17</p> <p>1 decision, and then they will pay claims</p> <p>2 proportionately from funds available in the</p> <p>3 Revolving Fund that was established. Air Quality</p> <p>4 staff has met with OTC staff a couple of times to</p> <p>5 discuss how we will carry on the interaction.</p> <p>6 Section 55011 specifically authorizes</p> <p>7 DEQ and the Tax Commission to promulgate</p> <p>8 implementation rules for the program. Our</p> <p>9 understanding is that the Tax Commission believes</p> <p>10 that between the statutory language and their</p> <p>11 existing rules, they will not need to promulgate a</p> <p>12 rule specific to this program. But Air Quality</p> <p>13 Division and staff has concluded that our best</p> <p>14 approach would be to create a new subchapter in</p> <p>15 Chapter 100 to accommodate the Oklahoma Emission</p> <p>16 Reduction Technology Rebate Program.</p> <p>17 Our proposal includes three main</p> <p>18 sections to cover the program requirements: a</p> <p>19 purpose and applicability section, a definitions</p> <p>20 section, and a program criteria and qualification</p> <p>21 determination section.</p> <p>22 Besides summarizing the purpose and</p> <p>23 statutory basis for the rebate program, Section 49-1</p> <p>24 lays out our understanding of the scope of</p> <p>25 facilities that the program applies to. Subsection</p>
<p>Page 18</p> <p>1 Council meeting, and shared some of AQD's</p> <p>2 preliminary plans to implement its part of the</p> <p>3 program.</p> <p>4 This new program was created during</p> <p>5 the 2022 legislative session as an incentive to</p> <p>6 Oklahoma's oil and gas industry to apply new and</p> <p>7 innovative technologies to reduce emissions from</p> <p>8 various segments of the industry.</p> <p>9 The "Oklahoma Emission Reduction</p> <p>10 Technology Incentive Act", which was included as</p> <p>11 Sections 1 through 7 of House Bill 3568, became</p> <p>12 effective July 1, 2022, and is codified in the</p> <p>13 Oklahoma Tax Code - Title 68 of the Oklahoma</p> <p>14 Statutes - as Sections 55006 through 55012. Note</p> <p>15 that a copy of the statute has been included in your</p> <p>16 packet.</p> <p>17 The act created the "Oklahoma</p> <p>18 Emission Reduction Technology Rebate Program". It</p> <p>19 is intended to provide an incentive for "Emission</p> <p>20 Reduction Projects", by allowing for a rebate of up</p> <p>21 to 25 percent of documented costs associated with</p> <p>22 those projects. The program is to be administered</p> <p>23 jointly by DEQ and the Oklahoma Tax Commission.</p> <p>24 Claims will be submitted to DEQ for review and</p> <p>25 approval or disapproval. We will notify OTC of our</p>	<p>Page 20</p> <p>1 (b) lists the activities included in the statutory</p> <p>2 language, and lists corresponding Standard</p> <p>3 Industrial Classifications or SIC codes.</p> <p>4 So, and of course, a new subchapter</p> <p>5 could hardly be considered complete without a</p> <p>6 definitions section, and Section 49-3 fills that</p> <p>7 role.</p> <p>8 Proposed Section 49-3 references the</p> <p>9 most important definition, which is the statutory</p> <p>10 definition of "Emission Reduction Project" in Title</p> <p>11 68, Section 55008. It describes the types of</p> <p>12 facilities and activities eligible for the program -</p> <p>13 shown here on the left side; and the types of</p> <p>14 projects that reduce emissions - shown on the right</p> <p>15 side.</p> <p>16 The proposed Section 49-3 also states</p> <p>17 that for the purposes of this subchapter, eligible</p> <p>18 "Emission Reduction Projects" do not include</p> <p>19 projects that are required in order to address an</p> <p>20 enforcement issue or are undertaken as a</p> <p>21 "supplemental environmental project" to offset an</p> <p>22 enforcement penalty.</p> <p>23 The remaining definitions in proposed</p> <p>24 Section 49-3 are just a few basic terms related to</p> <p>25 the program.</p>

<p>Page 21</p> <p>1 Section 49-5 lays out program 2 criteria and qualification determination 3 requirements - what information is required, and the 4 steps DEQ will take in implementing the program. 5 To be eligible for the rebate, the 6 applicant must submit documentation to DEQ no later 7 than six months after the end of the fiscal year in 8 which the expenditures were made - that is, that 9 would be by December 31st. The documentation must 10 adequately describe the project, including an 11 estimate of actual resulting emissions reductions, 12 and an itemization of expenses, with invoices, of 13 equipment installed. We would also require the 14 claimant to confirm that the project implementation 15 is complete. Note that a rebate claim may be 16 submitted any time after the project is complete, up 17 to that December 31st deadline each year. 18 Consistent with the statutory 19 language, the documentation must state the amount of 20 expenditures made in this state that are directly 21 related to the implementation of the qualified 22 Emission Reduction Project. 23 Paragraphs (5) through (9) would 24 include several certifications: Paragraph (5) would 25 certify that the project is not required in order to</p>	<p>Page 23</p> <p>1 certification in the proposal because the 2 complexity, volume, and time sensitivity of rebate 3 claims have the potential to overwhelm AQD's 4 Engineering or Permitting staff resources. I would 5 note that we received a comment from Mr. Bud Ground, 6 Director of Regulatory Affairs, of the Petroleum 7 Alliance of Oklahoma, regarding the PE certification 8 requirement. A copy of the comment is in the 9 Council packet. Mr. Ground requested that the 10 proposed rule be amended to allow such certification 11 be performed by "an in-house engineer with relevant 12 expertise", under at least certain circumstances. 13 AQD staff will need to further evaluate the request 14 and its ramifications. Among the considerations is 15 how that request lines up with the requirements of 16 the Oklahoma Board of Licensure for Professional 17 Engineers and Land Surveyors. AQD staff would be 18 interested in further discussion on this comment by 19 the Council and the public at the end of this 20 presentation. 21 In Subsection 49-5(a)(10), the 22 proposal includes a \$1,000 fee to help offset costs 23 for DEQ to administer the review of a rebate claim 24 under this rule. The program will represent an 25 increased workload for AQD staff, which is distinct</p>
<p>Page 22</p> <p>1 address an enforcement action or undertaken as a 2 supplemental environmental project to offset an 3 enforcement penalty; Paragraph (6) would provide a 4 certification from the Tax Commission that it has 5 filed all Oklahoma tax returns and tax documents 6 that are required by the laws of this state; 7 Paragraph (7) would provide evidence of a 8 certificate of general liability insurance with a 9 minimum coverage of \$1 million and a Workers' 10 Compensation policy pursuant to the laws of this 11 state which shall include coverage of employer's 12 liability. These provisions regarding the tax 13 returns, liability insurance, and Workers' 14 Compensation policy are all specifically required by 15 the act. 16 Continuing, Paragraph (8) requires 17 certification by an Oklahoma licensed PE that the 18 project has been designed, installed, and operated 19 as described in the claim, and in accordance with 20 good engineering practices and the requirements of 21 this Chapter; Paragraph (9) is our normal 22 certification for permit applications and such by a 23 designated responsible official, attesting to the 24 truth, accuracy, and completeness of the claim. 25 We include the requirement for a PE</p>	<p>Page 24</p> <p>1 from the duties supported by the existing Air 2 Quality annual operating and permit application 3 fees. Since no legislative appropriations or other 4 funding sources have been provided for DEQ's 5 responsibility under the rebate program, DEQ 6 believes the fee proposal is the most appropriate 7 approach. 8 Subsection 49-5(b), in that, the 9 statute requires DEQ to approve or disapprove each 10 rebate claim and to notify the Tax Commission, and 11 of course we also intend to notify the claimant. 12 And then proposed Subsection 49-5(c) 13 simply states that "Nothing in this section shall 14 limit or otherwise affect OTC's authority or 15 responsibilities under the Act, including the 16 authority to request submittal of additional 17 information by the claimant". 18 Finally, proposed Section 49-7 is a 19 sunset provision, reflecting Section 55012 of the 20 act. Section 55012, titled "Termination Date of 21 Rebate Program", states that "The Oklahoma Emission 22 Reduction Technology Rebate Program shall cease on 23 July 1, 2027." Section 49-7 is written to make our 24 corresponding rules no longer effective after that 25 date, unless the program is extended by a change in</p>

<p>1 the statute.</p> <p>2 Notice of the proposed rule changes</p> <p>3 was published in the Oklahoma Register on</p> <p>4 November 1, 2022, and comments were requested from</p> <p>5 members of the public. As I mentioned, comments on</p> <p>6 the proposal have been received from one stakeholder</p> <p>7 - The Petroleum Alliance of Oklahoma. This is the</p> <p>8 first time this proposal has been presented to the</p> <p>9 Council for consideration.</p> <p>10 In order to allow the Council and the</p> <p>11 public an adequate time to fully consider the</p> <p>12 proposal and comments, and to provide for additional</p> <p>13 comments and feedback, we are not requesting that</p> <p>14 the Council recommend the rule to the Board at this</p> <p>15 time. Therefore, Staff asks the Council not to vote</p> <p>16 on the proposed rules until the next regular Air</p> <p>17 Quality Advisory Council Meeting, scheduled for</p> <p>18 January 11, 2023. At that time, it will be</p> <p>19 important to move a proposal forward, since the</p> <p>20 Program is technically in effect, the Legislature</p> <p>21 will have the opportunity to consider providing</p> <p>22 funding for the Revolving Fund, and we may expect to</p> <p>23 begin receiving rebate claims for Fiscal Year 2023</p> <p>24 anytime between now and December 31, 2023. Note</p> <p>25 that due to the short turnaround between today's</p>	<p>Page 25</p> <p>1 CHAIRWOMAN LODES: That's just a total</p> <p>2 fund balance, not a limit per facility --</p> <p>3 MR. KIRLIN: Right. Right.</p> <p>4 MR. COLLINS: Okay. Thank you.</p> <p>5 VICE-CHAIRMAN KEELE: Do we have an idea</p> <p>6 of what kind of projects people are going to be</p> <p>7 asking for?</p> <p>8 MR. ELLIOTT: Low NOx burners on fired</p> <p>9 heaters would be one that I would come up with.</p> <p>10 CHAIRWOMAN LODES: Honestly, for the oil</p> <p>11 and gas industry, it'll be -- my gut, it'll be the</p> <p>12 stuff that's in Quad Oc that rolled out. The open</p> <p>13 -- it's open for comment officially, as of this</p> <p>14 morning, so that would be the easiest one. Low NOx</p> <p>15 burners, these are little burners, that's not going</p> <p>16 to get you much.</p> <p>17 MR. ELLIOTT: No.</p> <p>18 CHAIRWOMAN LODES: I mean, they're half a</p> <p>19 million BTU/hour burners that are already only one</p> <p>20 ton.</p> <p>21 MR. ELLIOTT: I was thinking refineries.</p> <p>22 CHAIRWOMAN LODES: You're thinking yours,</p> <p>23 which are much larger. These are little baby ones,</p> <p>24 for the most part. I mean, there might be a</p> <p>25 10 million; it's not like yours.</p>
<p>Page 26</p> <p>1 meeting and the January 11th meeting, a Notice of</p> <p>2 Rulemaking Intent was published in the Oklahoma</p> <p>3 Register on December 1st. A copy of the "January"</p> <p>4 version of the proposed Subchapter 49 (with the same</p> <p>5 rule text as today's proposal) - along with the Rule</p> <p>6 Impact Statement - were submitted to the Governor's</p> <p>7 office and the Office of Administrative Rules, and</p> <p>8 were posted on DEQ's website, again, on</p> <p>9 December 1st.</p> <p>10 Thank you, and then are there any</p> <p>11 questions for me?</p> <p>12 MS. BOTCHLET-SMITH: Questions from the</p> <p>13 council?</p> <p>14 MR. COLLINS: Brooks, I thought when we</p> <p>15 talked about this last time there was going to be a</p> <p>16 cap on the -- how much the claim could be or how</p> <p>17 much the rebate could be?</p> <p>18 MR. KIRLIN: There is the -- okay. This</p> <p>19 is a -- figured I'd keep this old slide around.</p> <p>20 Yes, there is a limit. Total rebates can be -- are</p> <p>21 limited to \$10 million per fiscal year, so -- and</p> <p>22 there are provisions for partial and eventual full</p> <p>23 payment if the approved claims exceed what's in the</p> <p>24 fund -- exceed that limit or the amount that's in</p> <p>25 the fund at the time.</p>	<p>Page 28</p> <p>1 VICE-CHAIRMAN KEELE: So if there's a fee</p> <p>2 per time that's going to be asked, what if a company</p> <p>3 comes and says, 'We want to do this at 10</p> <p>4 facilities', is that one application or is that</p> <p>5 multiple applications?</p> <p>6 MR. KIRLIN: I would say that it's</p> <p>7 probably -- I mean, I thought it was -- I always</p> <p>8 assumed it was facility based, I don't know --</p> <p>9 MS. STEGMANN: I do, too, I would -- to</p> <p>10 make it easier on staff, I would say it's per</p> <p>11 facility.</p> <p>12 MR. KIRLIN: I would say that it's a</p> <p>13 separate project, so I don't know if that's --</p> <p>14 MS. STEGMANN: Per project, yeah. It's</p> <p>15 per project, so...</p> <p>16 VICE-CHAIRMAN KEELE: We're going to see</p> <p>17 multiple projects that are going to look --</p> <p>18 eventually, you're going to have covered, a lot of</p> <p>19 this stuff will be repetitive in nature. Will there</p> <p>20 be a -- maybe a clearinghouse or something where if</p> <p>21 this has already been done so it's going to go</p> <p>22 faster or it will take less requirements?</p> <p>23 MS. STEGMANN: We haven't gotten that far</p> <p>24 yet.</p> <p>25 VICE-CHAIRMAN KEELE: Okay. The</p>

<p>1 restriction on enforcement, is that out of the 2 statute or is that something you guys just didn't 3 want to mess with -- 4 MS. STEGMANN: That was -- yeah. 5 VICE-CHAIRMAN KEELE: -- with the SEP 6 provisions that have been around for forever? 7 MS. STEGMANN: Usually -- the way I was 8 looking at it is, you had to comply -- if you were 9 out of compliance with a certain regulation, you had 10 to install a piece of control equipment, an Emission 11 Reduction Project, it wasn't a SEP, it was to get 12 you back into compliance. That's what I envisioned 13 as not qualifying. 14 VICE-CHAIRMAN KEELE: But it's not a 15 statutory requirement, it's just -- 16 MS. STEGMANN: It's not a -- 17 VICE-CHAIRMAN KEELE: -- something you 18 guys don't want to commingle? 19 MS. STEGMANN: Correct. 20 CHAIRWOMAN LODES: But it must be a 21 voluntary reduction of emissions, right? 22 MS. STEGMANN: Correct. 23 CHAIRWOMAN LODES: Yes? 24 MS. STEGMANN: Yes. 25 VICE-CHAIRMAN KEELE: Yeah, that's kind of</p>	<p>Page 29</p> <p>1 one year, it would be paid in another one. 2 MR. ELLIOTT: Okay. 3 MR. KIRLIN: In subsequent years. 4 MR. ELLIOTT: Okay. 5 MR. KIRLIN: And again, it's -- the way 6 it's worded, their payments -- like, if we -- they 7 received \$10 million worth and there's only 40 or a 8 couple million dollars' worth, you would pay it 9 proportionally. In other words, if you got 50 10 claims, you know, or different numbers, you pay -- 11 each one would get the portion, relatively speaking. 12 MS. STEGMANN: And I would like to 13 emphasize, we -- DEQ is only responsible for the 14 technical review of these projects, it's going to be 15 up to the Tax Commission to decide how much and how 16 that's going to be distributed. We're just -- 17 MR. ELLIOTT: Is there going to be tax 18 credits? 19 MS. STEGMANN: I -- 20 MR. ELLIOTT: We don't know? 21 MS. STEGMANN: They're not going to do any 22 rulemaking, from what I understand, they're just 23 going to solely rely on the statute. But that's if 24 -- the money portion is theirs, we're just looking 25 at the technical aspects and to see if the project</p> <p>Page 31</p>
<p>1 where I'm aiming here. 2 MS. STEGMANN: Right. You want to know if 3 a SEP is going to qualify? 4 VICE-CHAIRMAN KEELE: Or why you couldn't 5 choose one or the other, but that would make 6 enforcement resolutions more difficult, most likely. 7 MS. STEGMANN: And I don't think you 8 should be -- in my opinion, if you're going to 9 benefit for being out of compliance and be able to 10 get any kind of money back. 11 CHAIRWOMAN LODES: They just aren't going 12 to approve your SEP, Garry, if you came in the other 13 way. That's pretty much how that's going to work. 14 VICE-CHAIRMAN KEELE: I was just curious. 15 It was an interesting -- 16 MR. ELLIOTT: So, something to think 17 about. So we have a limited \$10 million per fiscal 18 year, let's say a company comes in and December the 19 26th -- or, the 28th of the fiscal year and they 20 submit and they pay the \$1,000 fee for you to review 21 that and there's no money left. Will that carry 22 over to the next year when the fund replenishes, or 23 are they just out \$1,000 and too bad? 24 MR. KIRLIN: No. No, the statute does say 25 the claims -- if a claim isn't paid or fully paid in</p> <p>Page 30</p>	<p>1 qualifies. 2 VICE-CHAIRMAN KEELE: Earlier, you said 3 there were potentially 200,000 new facilities. I 4 assume they're all the ones that are the upstream, 5 midstream segment we're aiming at here? 6 MS. STEGMANN: Yeah. 7 VICE-CHAIRMAN KEELE: Are the -- how many 8 do we have right now that we're already aware of? 9 MS. FOSTER: Rephrase that question. 10 MS. STEGMANN: 12,000? 11 VICE-CHAIRMAN KEELE: There were -- 12 earlier, it was said that the new rulemaking that 13 was today on, what was it, Quad Oc? 14 MS. STEGMANN: Yeah. I'm thinking -- 15 VICE-CHAIRMAN KEELE: 200,000? 16 MS. STEGMANN: Yeah. 17 VICE-CHAIRMAN KEELE: New or potential? 18 MS. STEGMANN: I'm thinking 9,000 to 19 12,000, what we currently have on -- 20 MS. FOSTER: Of minor. 21 MS. STEGMANN: -- minor. 22 MS. FOSTER: Of minor facilities. 23 MS. STEGMANN: Yeah, that were always -- 24 that already pulled in due to Quad O. 25 VICE-CHAIRMAN KEELE: But that fits the</p> <p>Page 32</p>

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1 midstream, upstream.

2 CHAIRWOMAN LODES: Quad O, Quad Oa, it's

3 probably that, and a lot of Quad Ob and c.

4 MS. FOSTER: EI says there's about 13,000

5 oil and gas minor facilities in our --

6 VICE-CHAIRMAN KEELE: That might --

7 MS. FOSTER: -- in the --

8 VICE-CHAIRMAN KEELE: -- try to use this?

9 CHAIRWOMAN LODES: Well, there's a whole

10 lot more that are not permitted, they're permit

11 exempt today.

12 VICE-CHAIRMAN KEELE: Right, that's --

13 CHAIRWOMAN LODES: Yeah.

14 VICE-CHAIRMAN KEELE: Yeah. I'm just

15 trying to get a feel for how many.

16 CHAIRWOMAN LODES: But because they're

17 permit exempt today, they're pretty low emitters to

18 begin with.

19 MR. CAVES: You'd mentioned Mr. Ground's

20 comment and you said the requirement for the PE is

21 because of staff. Are there some specific concerns

22 with the review with a PE? Because I know the

23 statute's silent on all that and that's in addition

24 to the statutory requirement as far as the PE

25 requirement and the certification. So I'm curious,

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1 I guess, about --

2 MS. STEGMANN: This was my --

3 MR. CAVES: -- the basis.

4 MS. STEGMANN: -- idea. I -- because this

5 is going to -- I don't know how many applications

6 we're going to get, and every application that we

7 get to review, it's going to take somebody off a

8 permit. So my idea was to put a PE certification on

9 it to give our staff a comfortability on the

10 application and it would process it faster.

11 I don't think -- if it had a PE

12 stamp, I don't think it would be -- take as much

13 scrutiny, if it did not. And this is not statutory,

14 this was just my idea to be able to work through

15 these applications in a timely manner.

16 MR. CAVES: Is \$1,000 application fee

17 statutory?

18 MS. STEGMANN: No.

19 MR. CAVES: Okay. Would there be any

20 incentive to maybe have a stepped fee, that if they

21 submit it with a PE it's a different amount than

22 without? And that possibly addresses concerns on

23 both sides, to have an option, or is that just a

24 Pandora's box?

25 MS. STEGMANN: Well, currently, it was the

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1 Petroleum Alliance who proposed the \$1,000 fee.

2 MR. CAVES: Okay.

3 MS. STEGMANN: So -- and I hate to have

4 two different types of application fees and make

5 things even more confusing and complicated.

6 MR. ELLIOTT: I don't want this to be

7 taken the wrong way. I really like this idea and

8 I've already, you know, broached this subject with

9 the higher-ups in our corporation. That's -- what

10 you said just a minute ago, Melanie, is the -- take

11 staff away from permitting. So there again, this is

12 -- which is really good legislation, it just really

13 reiterates the need for the previous one that we

14 discussed.

15 MS. STEGMANN: Thank you, yes.

16 MR. ELLIOTT: So I like this subchapter

17 and I like this, but the legislature needs to be

18 made aware that it's good for Oklahoma, it's good

19 for industry, you know, but we need the people to

20 manage these programs and we need the -- when I say

21 "we", I'm a citizen of Oklahoma. We need, in

22 Oklahoma, the ability to adequately manage all of

23 our programs.

24 MS. STEGMANN: Yeah. And I'll give you an

25 idea because I think we have about 12 permit writers

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1 on staff right now, 12 or 13. So when you introduce

2 the new methane rule with all these new sources and

3 you also introduce all of these new applications

4 and, plus, on top of just normal, our permitting

5 work, it's going to be difficult without adding new

6 staff.

7 MR. ELLIOTT: And then a reduction of

8 emissions, which reduces your air emissions

9 inventory fees.

10 MS. STEGMANN: Yeah. Yeah, it is a

11 vicious circle, yes.

12 MR. ELLIOTT: It is.

13 MR. PRIVRAT: The \$1,000 one-time fee, you

14 said that was suggested by who?

15 MS. STEGMANN: The Petroleum Alliance.

16 MR. PRIVRAT: Is that enough, is that too

17 much, what do you think, is that --

18 MS. STEGMANN: I haven't crunched those

19 numbers. Since that was the number that was

20 suggested, we just put it in there, we're hoping it

21 will. So -- and Beverly just told me, our usual

22 staff is 19 permit writers; so we're down seven.

23 MR. ELLIOTT: And more to come, right? I

24 mean --

25 MS. STEGMANN: Probably.

<p>1 MS. BOTCHLET-SMITH: We had one individual 2 from the public that wanted to speak on this. 3 So, Bud, if you're ready to do your 4 comment, and then we can come back to some 5 additional discussion with the council. 6 MR. GROUND: Bud Ground with Environmental 7 Federation of Oklahoma, but really I'm going to talk 8 to you on behalf of The Petroleum Alliance of 9 Oklahoma. I work on their regulatory requirements, 10 as well, and that's -- since this is, you know, 11 aimed at the oil and gas industry, that's who -- I 12 provided the comments. 13 So I just wanted to mention a couple 14 things. One, you have my comments, and you can see 15 that even Quad O is not requiring a PE, they 16 specifically went in several areas in there and just 17 said that that is not going to be a requirement. 18 And a lot of the oil and gas 19 companies are not located in Oklahoma, they're not 20 headquartered in Oklahoma, they're engineered out of 21 other states, and they saw it as a -- you know, as 22 an unnecessary requirement to require a PE to 23 certify the change of what could be a controller on 24 a -- you know, on a pipeline system. But they do 25 feel like the responsible official, who we all, you</p>	<p>1 you're asking for several million, that's nothing. 2 If you were asking for, you know, \$2,000, \$3,000, 3 that could be something, or if you're asking and you 4 maybe won't receive that funding for a year or two 5 or if they sunset this program at the end of five, 6 you may never receive it, if there's enough in the 7 pipeline. 8 I don't know if that needs to be 9 taken up or not, to say if -- well, I don't know how 10 it would be worded on the \$1,000 that could never be 11 -- you know, be recouped from them or even if it was 12 turned down by the DEQ, I don't know what the 13 grounds would be that it would be turned down. 14 But I also want to say the -- and I 15 don't know if Jeremy was going to get up and say 16 anything, but I mean, we believe that this was -- 17 one of the main intents of this is because of new 18 requirements in federal regulations that are going 19 to require a lot of changes, and Quad O is -- was 20 the main driver. But there could be changes in 21 other clean air requirements that were -- that do 22 require large-scale, high-dollar retrofits such as 23 low NOx burners and such that we also believe that 24 that should all be included in this, and that is the 25 reason that we are going to ask for more money.</p>
<p>1 know, kind of know is the one that really is the 2 responsible person for what is being submitted and 3 can be held accountable for all of that is a good 4 requirement, but we do ask that the Professional 5 Engineer requirement be taken out. 6 I was wanting to mention a couple 7 other things. One, the way the statute is written, 8 we, being The Petroleum Alliance, think it's a 9 little unclear in several areas, one being we don't 10 believe that it actually applies to refineries. And 11 the way that the timing is, it looks like it's a 12 four-year program and not a five. 13 So we are going to ask for a 14 legislative change this session to make -- to 15 specifically include refineries and to increase the 16 amount to \$25 million because we also believe that, 17 you know, with Quad O that that money's going to go 18 very quickly and we do want to have an adequate 19 funding that -- for the oil and gas upstream, 20 midstream, and downstream to have an adequate 21 funding for projects. 22 And the way it carries over, it could 23 be difficult, it could be a lot of applications, we 24 realize that. And I actually, just this morning, 25 was questioned on the \$1,000, which I think is -- if</p>	<p>1 But I also want to make sure that you 2 understand that even though it says \$10 million and 3 entered into law, if the legislature does not fund 4 it, there will be no money. They have to actually 5 put the money into the account before anything will 6 happen, so I just want to make sure you kept that -- 7 that you realize that, that there's actually several 8 things that are never funded at the legislature. 9 I believe that was all the comments 10 I'm going to make, I don't know if you had any 11 questions, so -- thank you. 12 CHAIRWOMAN LODES: So on Bud's note, if it 13 never does get funded and people have paid in the 14 \$1,000 fee, what happens then? 15 VICE-CHAIRMAN KEELE: Almost feels like we 16 need a trigger, we're not going to accept 17 applications until there's funding. 18 CHAIRWOMAN LODES: Yeah. Melanie? 19 MS. FOSTER: So, remember this rule won't 20 go into effect until September 15th of next year; 21 so, theoretically, we'll know at the end of this 22 legislative session whether we've got money or not 23 and we'll be able to then -- if the rule goes into 24 effect, we'll be able to say, 'No, we're not, you 25 know, accepting applications'. So, theoretically,</p>

<p>1 somebody could try to apply before the rule goes 2 into effect, but we won't have all the required 3 forms and stuff out there until that time; so we'll 4 be asking people to wait because we won't have the 5 mechanisms in place until the rule's in place to 6 address that. Does that make sense?</p> <p>7 CHAIRWOMAN LODS: Yeah, so there's -- I 8 mean, even if we put this on the books it won't go 9 into effect, and so there's no point in somebody 10 applying in April of 2023 because we don't know if 11 it's going to be funded and we're not going to put 12 anything out there for the -- or have a mechanism to 13 accept the \$1,000 fee until the legislature's funded 14 it.</p> <p>15 MS. FOSTER: Right.</p> <p>16 VICE-CHAIRMAN KEELE: Okay. But let's say 17 we put it in there and we run the rule in January, 18 pass as it goes up, you still don't get funding at 19 the end of the deal and you've got this program on 20 the books. Do we not need something that says we 21 can't -- we're not going to accept if there's not 22 money in the program?</p> <p>23 MS. FOSTER: I mean, Kendal obviously will 24 have the final say, but I think if the rule went 25 into effect in September, but no money was allocated</p>	<p>Page 41</p> <p>1 else from the public that wanted to comment on this?</p> <p>2 MR. JEWELL: Yes.</p> <p>3 CHAIRWOMAN LODS: Looks like Jeremy 4 Jewell.</p> <p>5 MS. BOTCHLET-SMITH: I thought Jeremy 6 might.</p> <p>7 MR. JEWELL: I didn't fill out a card for 8 this one, but Madam Chair, Members of the Board, 9 Jeremy Jewell, also from the Environmental 10 Federation of Oklahoma.</p> <p>11 So, Garry's comment about enforcement 12 reminded me of something. So it's essentially a 13 comment about creditability, and there's another 14 layer to that, I guess. So, different air programs 15 treat creditability different, specifically of, 16 like, new NSPS rules or MACT rules or, say, a SIP or 17 a FIP change that is coming, no one's out of 18 compliance, but if you maintain status quo, you will 19 be at some point.</p> <p>20 So are reductions taken to address 21 new requirements creditable under this rebate 22 program, we don't have to answer that question 23 today, but I think it's something that the rules 24 need to address.</p> <p>25 CHAIRWOMAN LODS: That was exactly my</p>
<p>Page 42</p> <p>1 this legislative session, then I think we would put 2 things on our website that say, 'There's no money in 3 this fund, you know, applying does not -- you know, 4 you will not get reimbursed if you apply', and so 5 we'd basically discourage any applications.</p> <p>6 Now, somebody might still choose to 7 apply because they have a deadline, right, and if 8 they think the money's going to come the next year; 9 so that would kind of be an at their own risk at 10 that point, but I think we probably will be working 11 with The Petroleum Alliance to know what was the 12 horizon looking like for the next legislative 13 session, how likely would it be that funding would 14 come up the next year. Does that sound accurate, 15 Kendal?</p> <p>16 MS. STEGMANN: I think so, yes. Yeah, and 17 I want to apologize for all this confusion. We -- 18 when this bill was introduced, we weren't part of 19 this conversation; so we had -- I had no idea that 20 this was coming down until after it was passed. So 21 we're trying to figure out the intent and a path 22 forward the best that we can because we did not 23 anticipate this until after it was passed. So we're 24 just trying to figure it out the best that we can.</p> <p>25 MS. BOTCHLET-SMITH: Did we have anyone</p>	<p>Page 43</p> <p>1 question to Kendal a minute ago where I said if we 2 know Quad Oc is published today as a draft, so we 3 know it's coming at some point -- not finalized 4 today, obviously -- can we go ahead and put in 5 no-bleed pneumatics and take credit for it, would be 6 my -- I mean, that's --</p> <p>7 MR. JEWELL: Or, you know --</p> <p>8 CHAIRWOMAN LODS: Anything else that's in 9 that rule.</p> <p>10 MR. JEWELL: Some of the old compressor 11 engines will eventually be replaced, right.</p> <p>12 MS. STEGMANN: I would say yes.</p> <p>13 CHAIRWOMAN LODS: The old compressor 14 engines, I would argue that's a matter of when you 15 want to swing them, and then when you swing them and 16 put in a newer model, then they'll have to be 17 replaced. I would say it would be more things like 18 going to no-bleed pneumatics that would be 19 questionable. Switching an engine out --</p> <p>20 MR. JEWELL: I was trying to think of the 21 large -- the possible large requests for rebates. I 22 mean, you're talking millions of dollars when you 23 replace some of those engines, so --</p> <p>24 CHAIRWOMAN LODS: You are -- but really, 25 those, to me, are easier to, say, qualify because</p>
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1 let's say I'm replacing a 1976 engine, I'm doing an
 2 engine swing and I'm going to drop in a Quad J, and
 3 that's an easier argument than I would say, well,
 4 I'm going to put the controls -- the vapor recovery
 5 units on tanks because I know for Quad Oc I've got
 6 to get my methane emissions down.
 7 MR. JEWELL: I agree, I just want to make
 8 sure that DEQ's thinking about this --
 9 MS. STEGMANN: We are. Because I'm more
 10 focused on things that will not qualify it is if you
 11 have an active enforcement action.
 12 MR. JEWELL: Yeah, very good. Thank you.
 13 CHAIRWOMAN LODES: Yeah, that's -- but
 14 Jeremy, yes, my question is the same. We now have a
 15 rule, proposed rule out there on the -- federal rule
 16 on the books, is that going to eliminate any of
 17 those. Because that's most of the credit -- most of
 18 reductions in the oil and gas industry would have a
 19 mechanism to go after are the things that are now on
 20 that last methane --
 21 MR. JEWELL: Well, yeah, and NSPS and
 22 MACT, you know, who knows, are one thing, but you
 23 know, I'm thinking Ozone Transport Rule, Regional
 24 Haze, different things that are a little less
 25 well-known at the moment, even though Quad Oc is


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1 sort of unknown, as well, but --
 2 VICE-CHAIRMAN KEELE: Potential future
 3 nonattainment and what that can do.
 4 MR. JEWELL: Sure, that's another example.
 5 Yeah.
 6 MS. STEGMANN: And I think if we do have,
 7 you know, ongoing, you know, different compliance
 8 measures coming in, I think that would alleviate,
 9 you know, the bite of it, I guess, for installing
 10 these controls that this rebate program can help
 11 out. That makes sense to me.
 12 MR. JEWELL: Yeah. Thank you.
 13 MS. BOTCHLET-SMITH: Any other comments
 14 from the public?
 15 Randy?
 16 MR. WARD: It's really just a question,
 17 but -- Randy Ward, Air Quality alumnus and just a
 18 public citizen. I did have a question. Is this
 19 just hardware or is it, like, total cost? Like, the
 20 engineering to look into, like, a new engine --
 21 MS. STEGMANN: That has come up in our
 22 discussion.
 23 MR. WARD: -- and the installation cost
 24 and, you know, all that.
 25 MS. STEGMANN: We haven't settled on that

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1 yet, it's a project cost.
 2 MR. WARD: I was going to say because you
 3 could roll the PE into that, I mean, if the total
 4 cost of the project would then be "X". So, anyway,
 5 I was just listening, but -- so --
 6 MS. STEGMANN: I appreciate that, yeah,
 7 that's a good point. Thank you.
 8 MS. BOTCHLET-SMITH: Thank you, Randy.
 9 Anyone else?
 10 Okay. Hearing none, we do have an
 11 opportunity for some additional discussion by the
 12 council or questions.
 13 Okay. Brooks, you might restate what
 14 staff had expected for action today.
 15 MR. KIRLIN: Yes, ma'am.
 16 Basically, it's the same approach as
 17 the Subchapter 5, we're just asking the council not
 18 to vote on this at this time and we will plan to
 19 bring it back to the January Air Quality Council
 20 Meeting, so...
 21 MS. BOTCHLET-SMITH: So no vote on this
 22 one, either? Okay.
 23 And that concludes the hearing
 24 portion of today's meeting.
 25 (HEARING ADJOURNED AT 9:58 AM)

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1 CERTIFICATE
 2 I, Jenny Longley, Certified Shorthand
 3 Reporter within and for the State of Oklahoma, do
 4 hereby certify that the above and foregoing hearing
 5 was by me taken in shorthand and thereafter
 6 transcribed; and that I am not an attorney for nor
 7 relative of any of said parties or otherwise
 8 interested in the event of said action.
 9 IN WITNESS WHEREOF, I have hereunto
 10 set my hand and official seal this 12th day of
 11 December, 2022.
 12
 13 
 14 Jenny Longley, CSR
 15 CSR # 1903
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December 6, 2022

Oklahoma City, Oklahoma

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Gamas Fry	AQD		
Laura Lodes	AQC		
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